

AMENDED IN SENATE AUGUST 15, 2011

AMENDED IN SENATE JULY 12, 2011

AMENDED IN SENATE JUNE 7, 2011

AMENDED IN SENATE JUNE 6, 2011

AMENDED IN ASSEMBLY MAY 4, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1424

Introduced by Assembly Member Perea

March 22, 2011

An act to amend Sections ~~31, 476, and 7145.5~~ *31 and 476* of, and to add Section 494.5 to, the Business and Professions Code, to add Section 12419.13 to the Government Code, to add Section 10295.4 to the Public Contract Code, and to amend Sections 7063 and 19195 of, to add Sections 6834, 6835, 7057, *7057.5*, 19265, 19377.5, ~~and 19571 19533, 19571, and 19572~~ to, to add Article 9 (commencing with Section 6850) to Chapter 6 of Part 1 of Division 2 of, and to add Article 7 (commencing with Section 19291) to Chapter 5 of Part 10.2 of Division 2 of, the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1424, as amended, Perea. Franchise Tax Board: delinquent tax debt.

The Personal Income Tax Law and the Corporation Tax Law impose taxes on, or measured by, income. Existing law requires the Franchise Tax Board to make available as a matter of public record each calendar year a list of the 250 largest tax delinquencies in excess of \$100,000,

and requires the list to include specified information with respect to each delinquency. Existing law requires every board, as defined, and the Department of Insurance, upon request of the Franchise Tax Board, to furnish to the Franchise Tax Board certain information with respect to every licensee.

This bill would require the State Board of Equalization, *quarterly*, and the Franchise Tax Board, *at least twice each calendar year*; ~~to each~~ make available a list of the 500 largest tax delinquencies described above ~~at least twice each calendar year~~. This bill would require the Franchise Tax Board to include additional information on the list with respect to each delinquency, including the type, status, and licence number of any occupational or professional license held by the person or persons liable for payment of the tax and the names and titles of the principal officers of the person liable for payment of the tax if that person is a limited liability company or corporation. This bill would require a person whose delinquency appeared on either list and whose name has been removed, as provided, to comply with the terms of the arranged resolution, and would authorize the State Board of Equalization and the Franchise Tax Board, if the person fails to comply with the terms of the arranged resolution, to add the person's name to the list without providing prior written notice, as provided.

This bill would permit a state governmental licensing entity, *other than the Department of Motor Vehicles*, that issues professional or occupational licenses, certificates, registrations, or permits, to suspend, revoke, or refuse to issue a license if the licensee's name is included on either list of the 500 largest tax delinquencies described above. *This bill would not include the Contractors' State License Board in the definition of "state governmental licensing entity."* This bill would also require those licensing entities to provide to the State Board of Equalization and the Franchise Tax Board the name and social security number or federal taxpayer identification number of each individual licensee of that entity, and would require each application for a new license or renewal of a license to indicate on the application that the law allows the State Board of Equalization and the Franchise Tax Board to share taxpayer information with a board and requires the licensee to pay his or her state tax obligation and that his or her license may be suspended if the state tax obligation is not paid. The bill would require the State Board of Equalization and the Franchise Tax Board, if an individual licensee appears on either list of the 500 largest tax delinquencies described above, and the specified licensing entity has

not made a decision regarding suspension or revocation of the license, to send a notice of suspension to the licensee. The bill would provide that the license of a licensee who fails to satisfy the unpaid taxes by a certain date shall be automatically suspended, except as specified, and would require the State Board of Equalization or the Franchise Tax Board to mail a notice of suspension to the applicable state governmental licensing entity and to the licensee, and would provide that the suspension be canceled upon compliance with the tax obligation. *This bill would require the state government licensing entity to update its records to reflect the suspension upon receipt of the notice of suspension from the State Board of Equalization or the Franchise Tax Board. This bill would authorize the State Board of Equalization and the Franchise Tax Board to disclose to state agencies identifying information of persons appearing on the list of the 500 largest tax delinquencies, as provided.* The bill would require the State Board of Equalization and the Franchise Tax Board to meet certain requirements and would make related changes.

The bill would provide that the release or other use of information received by a state governmental licensing entity pursuant to these provisions, except as authorized, is punishable as a misdemeanor. By creating a new crime, the bill would impose a state-mandated local program.

This bill would also prohibit a state agency from entering into any contract for the acquisition of goods or services with a contractor whose name appears on either list of the 500 largest tax delinquencies described above.

Existing law authorizes the Franchise Tax Board to collect specified amounts for the Department of Industrial Relations and specified amounts imposed by a court pursuant to specified procedures.

This bill would authorize the State Board of Equalization and the Franchise Tax Board to enter into an agreement to collect any delinquent tax debt due to the Internal Revenue Service or any other state imposing an income tax or tax measured by income pursuant to specified procedures, provided that the Internal Revenue Service or that state has entered into an agreement to collect delinquent tax debts due to the State Board of Equalization or the Franchise Tax Board, and the agreements do not cause the net displacement of civil service employees, as specified. This bill would require the Controller, upon execution of a reciprocal agreement between the State Board of Equalization, the Franchise Tax Board, and any other state imposing a sales and use tax,

a tax similar to a sales and use tax, an income tax, or tax measured by income, to offset any delinquent tax debt due to that other state from a person or entity, against any refund under *the Sales and Use Tax Law*, the Personal Income Tax Law, or the Corporation Tax Law owed to that person or entity, as provided.

~~This bill would incorporate additional changes to Section 7145.5 of the Business and Professions Code, proposed by AB 1307, to be operative as specified.~~

Existing law requires, in the event that the debtor has more than one debt being collected by the Franchise Tax Board and the amount collected is insufficient to satisfy the total amount owed, the amount collected to be applied to specified priorities.

This bill would include specified tax delinquencies collected pursuant to this bill.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 31 of the Business and Professions Code
- 2 is amended to read:
- 3 31. (a) As used in this section, “board” means any entity listed
- 4 in Section 101, the entities referred to in Sections 1000 and 3600,
- 5 the State Bar, the Department of Real Estate, and any other state
- 6 agency that issues a license, certificate, or registration authorizing
- 7 a person to engage in a business or profession.
- 8 (b) Each applicant for the issuance or renewal of a license,
- 9 certificate, registration, or other means to engage in a business or
- 10 profession regulated by a board who is not in compliance with a
- 11 judgment or order for support shall be subject to Section 17520 of
- 12 the Family Code.
- 13 (c) “Compliance with a judgment or order for support” has the
- 14 meaning given in paragraph (4) of subdivision (a) of Section 17520
- 15 of the Family Code.

(d) Each licensee whose name appears on a list of the 500 largest tax delinquencies pursuant to Section 7063 or 19195 of the Revenue and Taxation Code shall be subject to Section 494.5 or 7145.5 or to Section 6834 or 19265 of the Revenue and Taxation Code.

(e) Each application for a new license or renewal of a license shall indicate on the application that the law allows the State Board of Equalization and the Franchise Tax Board to share taxpayer information with a board and requires the licensee to pay his or her state tax obligation and that his or her license may be suspended if the state tax obligation is not paid.

(f) For purposes of this section, “tax obligation” means the tax imposed under, or in accordance with, Part 1 (commencing with Section 6001), Part 1.5 (commencing with Section 7200), Part 1.6 (commencing with Section 7251), Part 1.7 (commencing with Section 7285), Part 10 (commencing with Section 17001), and Part 11 (commencing with Section 23001) of Division 2 of the Revenue and Taxation Code.

SEC. 2. Section 476 of the Business and Professions Code is amended to read:

476. (a) Except as provided in subdivision (b), nothing in this division shall apply to the licensure or registration of persons pursuant to Chapter 4 (commencing with Section 6000) of Division 3, or pursuant to Division 9 (commencing with Section 23000) or pursuant to Chapter 5 (commencing with Section 19800) of Division 8.

(b) Section 494.5 shall apply to the licensure of persons authorized to practice law pursuant to Chapter 4 (commencing with Section 6000) of Division 3, and the licensure or registration of persons pursuant to Chapter 5 (commencing with Section 19800) of Division 8 or pursuant to Division 9 (commencing with Section 23000).

SEC. 3. Section 494.5 is added to the Business and Professions Code, to read:

~~494.5. (a) A state governmental licensing entity may refuse to issue, reactivate, reinstate, or renew a license or may suspend a license if a licensee’s name is included on a certified list.~~

~~(1) Until the liabilities covered by this section are satisfied, the qualifying person and any other personnel of record named on a license who have been suspended under this section shall be~~

1 prohibited from serving in any capacity that is subject to licensure,
2 but shall be permitted to act in the capacity of a nonsupervising
3 bona fide employee.

4 (2) ~~The license of any other renewable licensed entity with any~~
5 ~~of the same personnel of record who have been assessed an~~
6 ~~outstanding liability covered by this section shall be suspended~~
7 ~~until the liability has been satisfied or until the same personnel of~~
8 ~~record disassociate themselves from the renewable licensed entity.~~

9 494.5. (a) *A state governmental licensing entity, other than*
10 *the Department of Motor Vehicles, may refuse to issue, reactivate,*
11 *reinstate, or renew a license or may suspend a license if a*
12 *licensee's name is included on a certified list. The Department of*
13 *Motor Vehicles may suspend a license if a licensee's name is*
14 *included on a certified list. Any reference in this section to the*
15 *issuance, renewal, or denial of a license shall not apply to the*
16 *Department of Motor Vehicles.*

17 (b) For purposes of this section:

18 (1) "Certified list" means either list provided by the State Board
19 of Equalization or the Franchise Tax Board of persons whose
20 names appear on the lists of the 500 largest tax delinquencies
21 pursuant to Section 7063 or 19195 of the Revenue and Taxation
22 Code.

23 (2) "License" includes a certificate, registration, or any other
24 authorization to engage in a profession or occupation issued by a
25 state governmental licensing entity. "License" includes a driver's
26 license issued pursuant to Chapter 1 (commencing with Section
27 12500) of Division 6 of the Vehicle Code.

28 (3) "Licensee" means an individual authorized by a license to
29 drive a motor vehicle or authorized by a license, certificate,
30 registration, or other authorization to engage in a profession or
31 occupation issued by a state governmental licensing entity.

32 (4) (A) "State governmental licensing entity" means any entity
33 listed in Section 101, 1000, or 19420, the office of the Attorney
34 General, the Department of Insurance, the Department of Motor
35 Vehicles, the State Bar of California, the Department of Real
36 Estate, and any other state agency, board, or commission that issues
37 a license, certificate, or registration authorizing an individual to
38 engage in a profession or occupation, including any certificate,
39 business or occupational license, or permit or license issued by

1 the Department of Motor Vehicles or the Department of the
2 California Highway Patrol.

3 (B) “State governmental licensing entity” shall not include any
4 entity described in subparagraph (A) that has elected to decline to
5 exercise the authority provided by this section to suspend or refuse
6 to issue, reinstate, reactivate, or renew the license of a licensee for
7 failure to pay the taxes described in subdivision (a). An election
8 under this subparagraph shall not be valid unless notification of
9 that election has been provided to the State Board of Equalization
10 and the Franchise Tax Board at the time and in the manner
11 prescribed by the State Board of Equalization and the Franchise
12 Tax Board. *Notwithstanding subparagraph (A), “state*
13 *governmental licensing entity” shall not include the Contractors’*
14 *State License Board.*

15 (c) The State Board of Equalization and the Franchise Tax Board
16 shall each submit its respective certified list to state governmental
17 licensing entities.

18 (d) Notwithstanding any other law, all state governmental
19 licensing entities shall collect the social security number or the
20 federal taxpayer identification number from all applicants for the
21 purposes of matching the names of the certified lists provided by
22 the State Board of Equalization and the Franchise Tax Board to
23 applicants and licensees.

24 (e) (1) Each state governmental licensing entity shall determine
25 whether an applicant or licensee is on the most recent certified list
26 provided by the State Board of Equalization and the Franchise Tax
27 Board. The state governmental licensing entity shall have the
28 authority to withhold issuance or renewal of the license of any
29 applicant on either list or to suspend the license of any licensee on
30 either list.

31 (2) If an applicant or licensee is on either of the certified lists,
32 the state governmental licensing entity shall immediately provide
33 a preliminary notice to the applicant or licensee of the entity’s
34 intent to suspend or withhold issuance or renewal of the license.
35 The preliminary notice shall be delivered personally or by mail to
36 the applicant’s or licensee’s last known mailing address on file
37 with the state governmental licensing entity within 30 days of
38 receipt of the certified list. Service by mail shall be completed in
39 accordance with Section 1013 of the Code of Civil Procedure.

1 (A) The state governmental licensing entity shall issue a
2 temporary license valid for a period of 90 days to any applicant
3 whose name is on a certified list if the applicant is otherwise
4 eligible for a license.

5 (B) The 90-day time period for a temporary license shall not be
6 extended. Only one temporary license shall be issued during a
7 regular license term and the term of the temporary license shall
8 coincide with the first 90 days of the regular license term. A license
9 for the full term or the remainder of the license term may be issued
10 or renewed only upon compliance with this section.

11 (C) In the event that a license is suspended or an application for
12 a license or the renewal of a license is denied pursuant to this
13 section, any funds paid by the applicant or licensee shall not be
14 refunded by the state governmental licensing entity.

15 (f) A state governmental licensing entity shall make a final
16 determination to refuse to issue or to suspend a license pursuant
17 to this section no sooner than 30 days and no later than 90 days of
18 the mailing of the preliminary notice described in paragraph (2)
19 of subdivision (e). The procedures in the administrative
20 adjudication provisions of the Administrative Procedure Act
21 (Chapter 4.5 (commencing with Section 11400) and Chapter 5
22 (commencing with Section 11500) of Part 1 of Division 3 of Title
23 2 of the Government Code) shall not apply to the revocation or
24 suspension of a license pursuant to this section.

25 (g) Notices shall be developed by each state governmental
26 licensing entity. For an applicant or licensee on the State Board
27 of Equalization's certified list, the notice shall include the address
28 and telephone number of the State Board of Equalization, and shall
29 emphasize the necessity of obtaining a release from the State Board
30 of Equalization as a condition for the issuance, renewal, or
31 continued valid status of a license or licenses. For an applicant or
32 licensee on the Franchise Tax Board's certified list, the notice shall
33 include the address and telephone number of the Franchise Tax
34 Board, and shall emphasize the necessity of obtaining a release
35 from the Franchise Tax Board as a condition for the issuance,
36 renewal, or continued valid status of a license or licenses.

37 (1) The notice shall inform the applicant that the state
38 governmental licensing entity shall issue a temporary license, as
39 provided in subparagraph (A) of paragraph (2) of subdivision (e),
40 for 90 calendar days if the applicant is otherwise eligible and that

1 upon expiration of that time period, the license will be denied
2 unless the state governmental licensing entity has received a release
3 from the State Board of Equalization and the Franchise Tax Board.

4 (2) The notice shall inform the licensee that any license
5 suspended under this section will remain suspended unless the
6 state governmental licensing entity receives a release along with
7 applications and fees, if applicable, to reinstate the license.

8 (3) The notice shall also inform the applicant or licensee that if
9 an application is denied or a license is suspended pursuant to this
10 section, any moneys paid by the applicant or licensee shall not be
11 refunded by the state governmental licensing entity. The state
12 governmental licensing entity shall also develop a form that the
13 applicant or licensee shall use to request a release by the State
14 Board of Equalization and the Franchise Tax Board. A copy of
15 this form shall be included with every notice sent pursuant to this
16 subdivision.

17 (h) If the applicant or licensee wishes to challenge the
18 submission of his or her name on a certified list, the applicant or
19 licensee shall make a timely written request for release to the State
20 Board of Equalization or the Franchise Tax Board, whichever is
21 applicable. The State Board of Equalization or the Franchise Tax
22 Board shall immediately send a release to the appropriate state
23 governmental licensing entity and the applicant or licensee, if any
24 of the following conditions are met:

25 (1) The applicant or licensee has complied with the tax
26 obligation, either by payment of the unpaid taxes or entry into an
27 installment payment agreement, as described in Section 6832 or
28 19008 of the Revenue and Taxation Code, to satisfy the unpaid
29 taxes.

30 (2) The applicant or licensee has submitted a request for release
31 not later than 45 days after the applicant's or licensee's receipt of
32 a preliminary notice described in paragraph (2) of subdivision (e),
33 but the State Board of Equalization or the Franchise Tax Board,
34 whichever is applicable, will be unable to complete the release
35 review and send notice of its findings to the applicant or licensee
36 and state governmental licensing entity within 45 days after the
37 State Board of Equalization's or the Franchise Tax Board's receipt
38 of the applicant's or licensee's request for release. Whenever a
39 release is granted under this paragraph, and, notwithstanding that
40 release, the applicable license or licenses have been suspended

1 erroneously, the state governmental licensing entity shall reinstate
2 the applicable licenses with retroactive effect back to the date of
3 the erroneous suspension and that suspension shall not be reflected
4 on any license record.

5 (3) The applicant or licensee that is on the certified list provided
6 by the Franchise Tax Board is unable to pay the outstanding
7 liability due to a current financial hardship, as determined by the
8 Franchise Tax Board.

9 (i) An applicant or licensee is required to act with diligence in
10 responding to notices from the state governmental licensing entity
11 and the State Board of Equalization or the Franchise Tax Board
12 with the recognition that the temporary license will lapse or the
13 license suspension will go into effect after 90 days and that the
14 State Board of Equalization or the Franchise Tax Board must have
15 time to act within that period. An applicant's or licensee's delay
16 in acting, without good cause, which directly results in the inability
17 of the State Board of Equalization or the Franchise Tax Board,
18 whichever is applicable, to complete a review of the applicant's
19 or licensee's request for release shall not constitute the diligence
20 required under this section which would justify the issuance of a
21 release. An applicant or licensee shall have the burden of
22 establishing that he or she diligently responded to notices from the
23 state governmental licensing entity or the State Board of
24 Equalization or the Franchise Tax Board and that any delay was
25 not without good cause.

26 (j) The State Board of Equalization or the Franchise Tax Board
27 shall create release forms for use pursuant to this section. When
28 the applicant or licensee has complied with the tax obligation,
29 either by payment of the unpaid taxes or entry into an installment
30 payment agreement, the State Board of Equalization or the
31 Franchise Tax Board, whichever is applicable, shall mail a release
32 form to the applicant or licensee and provide a release to the
33 appropriate state governmental licensing entity. Any state
34 governmental licensing entity that has received a release from the
35 State Board of Equalization and the Franchise Tax Board pursuant
36 to this subdivision shall process the release within five business
37 days of its receipt. If the State Board of Equalization or the
38 Franchise Tax Board determines subsequent to the issuance of a
39 release that the licensee has not complied with their installment
40 payment agreement, the State Board of Equalization or the

1 Franchise Tax Board, whichever is applicable, may notify the state
2 governmental licensing entity and the licensee in a format
3 prescribed by the State Board of Equalization and the Franchise
4 Tax Board that the licensee is not in compliance and the release
5 shall be rescinded. The State Board of Equalization and the
6 Franchise Tax Board may, when it is economically feasible for
7 the state governmental licensing entity to develop an automated
8 process for complying with this subdivision, notify the state
9 governmental licensing entity in a manner prescribed by the State
10 Board of Equalization and the Franchise Tax Board, that the
11 licensee has not complied with the installment payment agreement.
12 Upon receipt of this notice, the state governmental licensing entity
13 shall immediately notify the licensee on a form prescribed by the
14 state governmental licensing entity that the licensee's license will
15 be suspended on a specific date, and this date shall be no longer
16 than 30 days from the date the form is mailed. The licensee shall
17 be further notified that the license will remain suspended until a
18 new release is issued in accordance with subdivision (h).

19 (k) The State Board of Equalization and the Franchise Tax Board
20 may enter into interagency agreements with the state governmental
21 licensing entities necessary to implement this section, to the extent
22 that it is cost effective to implement this section.

23 (l) Notwithstanding any other law, a state governmental
24 licensing entity, with the approval of the appropriate department
25 director or governing body, may impose a fee on a licensee whose
26 license has been suspended pursuant to this section. The fee shall
27 not exceed the amount necessary for the state governmental
28 licensing entity to cover its costs in carrying out the provisions of
29 this section. Fees imposed pursuant to this section shall be
30 deposited in the fund in which other fees imposed by the state
31 governmental licensing entity are deposited and shall be available
32 to that entity upon appropriation in the annual Budget Act.

33 (m) The process described in subdivision (h) shall constitute
34 the sole administrative remedy for contesting the issuance of a
35 temporary license or the denial or suspension of a license under
36 this section. The procedures specified in the administrative
37 adjudication provisions of the Administrative Procedure Act
38 (Chapter 4.5 (commencing with Section 11400) and Chapter 5
39 (commencing with Section 11500) of Part 1 of Division 3 of Title
40 2 of the Government Code) shall not apply to the denial,

1 suspension, or failure to issue or renew a license or the issuance
2 of a temporary license pursuant to this section.

3 (n) Any state governmental licensing entity receiving an inquiry
4 as to the licensed status of an applicant or licensee who has had a
5 license denied or suspended under this section or who has been
6 granted a temporary license under this section shall respond only
7 that the license was denied or suspended or the temporary license
8 was issued pursuant to this section. Information collected pursuant
9 to this section by any state agency, board, or department shall be
10 subject to the Information Practices Act of 1977 (Chapter 1
11 (commencing with Section 1798) of Title 1.8 of Part 4 of Division
12 3 of the Civil Code).

13 (o) Any rules and regulations issued pursuant to this section by
14 any state agency, board, or department may be adopted as
15 emergency regulations in accordance with the rulemaking
16 provisions of the Administrative Procedure Act (Chapter 3.5
17 (commencing with Section 11340) of Part 1 of Division 3 of Title
18 2 of the Government Code). The adoption of these regulations
19 shall be deemed an emergency and necessary for the immediate
20 preservation of the public peace, health, and safety, or general
21 welfare. The regulations shall become effective immediately upon
22 filing with the Secretary of State.

23 (p) The State Board of Equalization, the Franchise Tax Board,
24 and state governmental licensing entities, as appropriate, shall
25 adopt regulations as necessary to implement this section.

26 (q) (1) Neither the state governmental licensing entity, nor any
27 officer, employee, or agent, or former officer, employee, or agent
28 of a state governmental licensing entity, may disclose or use any
29 information obtained from the State Board of Equalization or the
30 Franchise Tax Board, pursuant to this section, except to inform
31 the public of the suspension of a license pursuant to this section.
32 The release or other use of information received by a state
33 governmental licensing entity pursuant to this section, except as
34 authorized by this section, is punishable as a misdemeanor. This
35 subdivision may not be interpreted to prevent the State Bar of
36 California from filing a request with the Supreme Court of
37 California to suspend a member of the bar pursuant to this section.

38 (2) To the extent permitted under federal law, a suspension or
39 revocation of a license pursuant to this section shall not be reported
40 to the National Practitioner Data Bank.

1 (r) If any provision of this section or the application thereof to
2 any person or circumstance is held invalid, that invalidity shall not
3 affect other provisions or applications of this section that can be
4 given effect without the invalid provision or application, and to
5 this end the provisions of this section are severable.

6 (s) All rights to review afforded by this section to an applicant
7 shall also be afforded to a licensee.

8 (t) (1) If the state governmental licensing entity, as defined in
9 Section 6834 or 19265 of the Revenue and Taxation Code, does
10 not suspend, revoke, or deny renewal of a license within 90 days
11 of the mailing of preliminary notice as described in subdivision
12 (f), the State Board of Equalization or the Franchise Tax Board,
13 whichever is applicable, is authorized to suspend the license
14 pursuant to Section 6834 or 19265 of the Revenue and Taxation
15 Code.

16 (2) If the state governmental licensing entity has not suspended,
17 revoked, or denied the renewal of a license within 90 days of the
18 mailing of the preliminary notice as described in subdivision (e),
19 the state governmental licensing entity shall promptly notify the
20 State Board of Equalization or the Franchise Tax Board, whichever
21 is applicable, and the licensee. The notification shall include the
22 reason why no action was taken by the state governmental licensing
23 entity.

24 (3) If the election described in subparagraph (B) of paragraph
25 (4) of subdivision (b) has been made, the State Board of
26 Equalization or the Franchise Tax Board, whichever is applicable,
27 is authorized to suspend, pursuant to Section 6834 or 19265 of the
28 Revenue and Taxation Code, the license of a licensee subject to
29 the jurisdiction of the entity that made that election.

30 (u) Unless otherwise provided in this section, the policies,
31 practices, and procedures of a state governmental licensing entity
32 with respect to license suspensions under this section shall be the
33 same as those applicable with respect to suspensions pursuant to
34 Section 17520 of the Family Code.

35 (v) No provision of this section shall be interpreted to allow a
36 court to review and prevent the collection of taxes prior to the
37 payment of those taxes in violation of the California Constitution.

38 (w) This section shall apply to any licensee whose name appears
39 on the lists of the 500 largest tax delinquencies pursuant to Sections

1 7063 and 19195 of the Revenue and Taxation Code on or after
2 January 1, 2012.

3 ~~SEC. 4. Section 7145.5 of the Business and Professions Code~~
4 ~~is amended to read:~~

5 ~~7145.5. (a) The registrar may refuse to issue, reinstate,~~
6 ~~reactivate, or renew a license or may suspend a license for the~~
7 ~~failure of a licensee to resolve all outstanding final liabilities, which~~
8 ~~include taxes, additions to tax, penalties, interest, and any fees that~~
9 ~~may be assessed by the board, the Department of Industrial~~
10 ~~Relations, the Employment Development Department, or the~~
11 ~~Franchise Tax Board.~~

12 ~~(1) Until the debts covered by this section are satisfied, the~~
13 ~~qualifying person and any other personnel of record named on a~~
14 ~~license that has been suspended under this section shall be~~
15 ~~prohibited from serving in any capacity that is subject to licensure~~
16 ~~under this chapter, but shall be permitted to act in the capacity of~~
17 ~~a nonsupervising bona fide employee.~~

18 ~~(2) The license of any other renewable licensed entity with any~~
19 ~~of the same personnel of record that have been assessed an~~
20 ~~outstanding liability covered by this section shall be suspended~~
21 ~~until the debt has been satisfied or until the same personnel of~~
22 ~~record disassociate themselves from the renewable licensed entity.~~

23 ~~(b) The refusal to issue a license or the suspension of a license~~
24 ~~as provided by this section shall be applicable only if the registrar~~
25 ~~has mailed a notice preliminary to the refusal or suspension that~~
26 ~~indicates that the license will be refused or suspended by a date~~
27 ~~certain. This preliminary notice shall be mailed to the licensee at~~
28 ~~least 60 days before the date certain.~~

29 ~~(c) In the case of outstanding final liabilities assessed by the~~
30 ~~Franchise Tax Board, this section shall be operative within 60 days~~
31 ~~after the Contractors' State License Board has provided the~~
32 ~~Franchise Tax Board with the information required under Section~~
33 ~~30, relating to licensing information that includes the federal~~
34 ~~employee identification number or social security number.~~

35 ~~(d) All versions of the application for contractors' licenses shall~~
36 ~~include, as part of the application, an authorization by the applicant,~~
37 ~~in the form and manner mutually agreeable to the Franchise Tax~~
38 ~~Board and the board, for the Franchise Tax Board to disclose the~~
39 ~~tax information that is required for the registrar to administer this~~

1 ~~section. The Franchise Tax Board may from time to time audit~~
2 ~~these authorizations.~~

3 ~~(e) This section shall not be interpreted to conflict with the~~
4 ~~suspension of a license pursuant to Section 494.5 of this code or~~
5 ~~Section 19265 of the Revenue and Taxation Code.~~

6 ~~SEC. 4.5. Section 7145.5 of the Business and Professions Code~~
7 ~~is amended to read:~~

8 ~~7145.5. (a) The registrar may refuse to issue, reinstate,~~
9 ~~reactivate, or renew a license or may suspend a license for the~~
10 ~~failure of a licensee to resolve all outstanding final liabilities, which~~
11 ~~include taxes, additions to tax, penalties, interest, and any fees that~~
12 ~~may be assessed by the board, the Department of Industrial~~
13 ~~Relations, the Employment Development Department, the~~
14 ~~Franchise Tax Board, or the State Board of Equalization.~~

15 ~~(1) Until the debts covered by this section are satisfied, the~~
16 ~~qualifying person and any other personnel of record named on a~~
17 ~~license that has been suspended under this section shall be~~
18 ~~prohibited from serving in any capacity that is subject to licensure~~
19 ~~under this chapter, but shall be permitted to act in the capacity of~~
20 ~~a nonsupervising bona fide employee.~~

21 ~~(2) The license of any other renewable licensed entity with any~~
22 ~~of the same personnel of record that have been assessed an~~
23 ~~outstanding liability covered by this section shall be suspended~~
24 ~~until the debt has been satisfied or until the same personnel of~~
25 ~~record disassociate themselves from the renewable licensed entity.~~

26 ~~(b) The refusal to issue a license or the suspension of a license~~
27 ~~as provided by this section shall be applicable only if the registrar~~
28 ~~has mailed a notice preliminary to the refusal or suspension that~~
29 ~~indicates that the license will be refused or suspended by a date~~
30 ~~certain. This preliminary notice shall be mailed to the licensee at~~
31 ~~least 60 days before the date certain.~~

32 ~~(c) In the case of outstanding final liabilities assessed by the~~
33 ~~Franchise Tax Board, this section shall be operative within 60 days~~
34 ~~after the Contractors' State License Board has provided the~~
35 ~~Franchise Tax Board with the information required under Section~~
36 ~~30, relating to licensing information that includes the federal~~
37 ~~employee identification number or social security number.~~

38 ~~(d) All versions of the application for contractors' licenses shall~~
39 ~~include, as part of the application, an authorization by the applicant,~~
40 ~~in the form and manner mutually agreeable to the Franchise Tax~~

1 ~~Board and the board, for the Franchise Tax Board to disclose the~~
2 ~~tax information that is required for the registrar to administer this~~
3 ~~section. The Franchise Tax Board may from time to time audit~~
4 ~~these authorizations.~~

5 ~~(e) In the case of outstanding final liabilities assessed by the~~
6 ~~State Board of Equalization, this section shall not apply to any~~
7 ~~outstanding final liability if the licensee has entered into an~~
8 ~~installment payment agreement for that liability with the State~~
9 ~~Board of Equalization and is in compliance with the terms of that~~
10 ~~agreement.~~

11 ~~(f) This section shall not be interpreted to conflict with the~~
12 ~~suspension of a license pursuant to Section 494.5 of this code or~~
13 ~~Section 6834 or 19265 of the Revenue and Taxation Code.~~

14 ~~SEC. 5.~~

15 *SEC. 4.* Section 12419.13 is added to the Government Code,
16 to read:

17 12419.13. (a) (1) The Controller shall, upon execution of a
18 reciprocal agreement between the State Board of Equalization or
19 the Franchise Tax Board, and any other state imposing a sales and
20 use tax, an income tax, or tax measured by income, offset any
21 delinquent tax debt due to that other state from a person or entity,
22 against any refund under the Sales and Use Tax Law, the Personal
23 Income Tax Law, or the Corporation Tax Law owed to that person
24 or entity.

25 (2) Standards and procedures for submission of requests for
26 offsets shall be as prescribed by the Controller.

27 (3) Payment of the offset amount shall occur only after other
28 offset requests for debts owed by a person or entity to this state or
29 the federal government have been satisfied in accordance with the
30 priority established under Section 12419.3.

31 (b) The reciprocal agreement identified in subdivision (a) shall
32 prescribe the manner in which the administrative costs of the
33 Controller, the State Board of Equalization, and the Franchise Tax
34 Board shall be reimbursed.

35 ~~SEC. 6.~~

36 *SEC. 5.* Section 10295.4 is added to the Public Contract Code,
37 to read:

38 10295.4. (a) Notwithstanding any other law, a state agency
39 shall not enter into any contract for the acquisition of goods or
40 services with a contractor whose name appears on either list of the

1 500 largest tax delinquencies pursuant to Section 7063 or 19195
2 of the Revenue and Taxation Code. Any contract entered into in
3 violation of this subdivision is void and unenforceable.

4 (b) This section shall apply to any contract executed on or after
5 January 1, 2012.

6 ~~SEC. 7.~~

7 SEC. 6. Section 6834 is added to the Revenue and Taxation
8 Code, to read:

9 6834. (a) (1) All state governmental licensing entities issuing
10 professional or occupational licenses, certificates, registrations, or
11 permits shall provide to the board the name and social security
12 number or federal taxpayer identification number, as applicable,
13 of each licensee of that state governmental licensing entity.

14 (2) If any licensee appears on a list of the 500 largest tax
15 delinquencies pursuant to Section 7063, and the license of that
16 licensee has not been suspended, revoked, or denied by the
17 applicable state governmental licensing entity pursuant to Section
18 494.5 of the Business and Professions Code, then the board shall
19 mail a preliminary notice of suspension to the licensee indicating
20 that the license will be suspended by a date certain, which shall
21 be at least 60 days after the mailing of the preliminary notice,
22 unless prior to the date certain the licensee pays the unpaid taxes
23 or enters into an installment payment agreement, as described in
24 Section 6832, to satisfy the unpaid taxes. The preliminary notice
25 shall also advise the licensee of the opportunity to request deferral
26 or cancellation of a suspension pursuant to subdivision (b).

27 (3) If any licensee subject to paragraph (2) fails to pay the unpaid
28 taxes or to enter into an installment payment agreement, as
29 described in Section 6832, to satisfy the unpaid taxes prior to the
30 date certain listed in the preliminary notice of suspension, his or
31 her license shall be automatically suspended by operation of this
32 section, except as provided in subdivision (b), and the board shall
33 provide a notice of suspension to the applicable state governmental
34 licensing entity and shall mail a notice of suspension to the
35 licensee. *The state governmental licensing entity shall update its*
36 *records to reflect the suspension upon receipt of the notice of*
37 *suspension from the board.* The rights, powers, and privileges of
38 any licensee whose license to drive a motor vehicle, professional
39 or occupational license, certificate, registration, or permit has been
40 suspended pursuant to this section shall be subject to the same

1 prohibitions, limitations, and restrictions as if the license to drive
2 a motor vehicle, professional or occupational license, certificate,
3 registration, or permit were suspended by the state governmental
4 licensing entity that issued the professional or occupational license,
5 certificate, registration, or permit.

6 (4) (A) Upon compliance by the licensee with the tax obligation,
7 either by payment of the unpaid taxes or entry into an installment
8 payment agreement, as described in Section 6832, to satisfy the
9 unpaid taxes, a suspension pursuant to this subdivision shall be
10 canceled. The board shall, within 10 business days of compliance
11 by the licensee with the tax obligation, notify both the state
12 governmental licensing entity and the licensee that the unpaid taxes
13 have been paid or that an installment payment agreement, as
14 described in Section 6832, has been entered into to satisfy the
15 unpaid taxes and that the suspension has been canceled.

16 (B) Whenever a suspension is canceled under this paragraph
17 and the applicable license or licenses have been suspended in error,
18 the board shall notify the state governmental licensing entity to
19 reinstate all applicable licenses back to the date of suspension and
20 expunge any notation of that suspension from the licensee's record.

21 (5) If a license is not suspended, or if the suspension of a license
22 is canceled, based on the licensee entering into an installment
23 payment agreement as described in Section 6832, and the licensee
24 fails to comply with the terms of the installment payment
25 agreement, that license shall be suspended as of the date that is 30
26 days after the date of termination of that installment payment
27 agreement. If a license is suspended pursuant to this paragraph,
28 the board shall provide notice of suspension to the applicable state
29 governmental licensing entity and mail a notice of suspension to
30 the licensee.

31 (6) State governmental licensing entities shall provide to the
32 board the information required by this subdivision at a time that
33 the board may require.

34 (b) (1) The board may defer or cancel any suspension authorized
35 by this section if a licensee is unable to pay the liability due to a
36 current financial hardship. The board shall, if requested by the
37 licensee in writing, provide for an administrative hearing to
38 determine if the licensee is unable to pay the liability due to a
39 current financial hardship.

1 (2) The request for a hearing specified in paragraph (1) shall be
2 made in writing within 30 days from the mailing date of the
3 preliminary notice described in subdivision (a).

4 (3) The board shall conduct a hearing within 30 days after
5 receipt of a request pursuant to paragraph (1), unless the board
6 postpones the hearing, upon a showing of good cause by the
7 licensee, in which case a suspension pursuant to subdivision (a)
8 shall be deferred until the hearing has been completed.

9 (4) A licensee seeking relief under this subdivision shall only
10 be entitled to relief described in paragraph (1) if the licensee
11 provides the board with financial documents that substantiate a
12 financial hardship, and agrees to an acceptable payment
13 arrangement.

14 (5) If the deferral of a suspension of a license under this
15 subdivision is no longer operative, that license shall be suspended
16 as of the date that is 30 days after the date the deferral is no longer
17 operative. If a license is suspended pursuant to this paragraph, the
18 board shall provide notice of suspension to the applicable state
19 governmental licensing entity and mail a notice of suspension to
20 the licensee. *The state governmental licensing entity shall update*
21 *its records to reflect the suspension upon receipt of the notice of*
22 *suspension from the board.*

23 (c) For purposes of this section and Section 7057, the following
24 definitions shall apply:

25 (1) “Financial hardship” means financial hardship, as determined
26 by the board, where the licensee is financially unable to pay any
27 part of the amount described in subdivision (a). In order to establish
28 the existence of a financial hardship, the licensee shall submit any
29 information, including information related to reasonable business
30 and personal expenses, requested by the board for the purpose of
31 making that determination.

32 (2) “License” includes a certificate, registration, or any other
33 authorization to engage in a profession or occupation issued by a
34 state governmental licensing entity. “License” includes a driver’s
35 license issued pursuant to Chapter 1 (commencing with Section
36 12500) of Division 6 of the Vehicle Code.

37 (3) “Licensee” means an individual authorized by a license to
38 drive a motor vehicle or authorized by a license, certificate,
39 registration, or other authorization to engage in a profession or
40 occupation issued by a state governmental licensing entity.

1 (4) “State governmental licensing entity” means any entity listed
2 in Section 101, 1000, or 19420 of the Business and Professions
3 Code, the office of the Attorney General, the Department of
4 Insurance, the Department of Motor Vehicles, the Department of
5 Real Estate, and any other state agency, board, or commission that
6 issues a license, certificate, or registration authorizing an individual
7 to engage in a profession or occupation, including any certificate,
8 business or occupational license, or permit or license issued by
9 the Department of Motor Vehicles or the Department of the
10 California Highway Patrol. “State governmental licensing entity”
11 shall not include *the Contractors’ State License Board*, the
12 Department of Alcoholic Beverage Control, or the State Bar of
13 California.

14 (d) Notwithstanding any other law, a state governmental
15 licensing entity may, with the approval of the appropriate
16 department director or governing body, impose a fee on licensees
17 whose license has been suspended as described in subdivision (a).
18 The fee shall not exceed the amount necessary for the state
19 governmental licensing entity to cover its costs in carrying out the
20 provisions of this section. Fees imposed pursuant to this section
21 shall be deposited in the fund in which other fees imposed by the
22 state governmental licensing entity are deposited and shall be
23 available to that entity upon appropriation in the annual Budget
24 Act.

25 (e) The process described in subdivision (b) shall constitute the
26 sole administrative remedy for contesting the suspension of a
27 license under this section. The procedures in the administrative
28 adjudication provisions of the Administrative Procedure Act
29 (Chapter 4.5 (commencing with Section 11400) and Chapter 5
30 (commencing with Section 11500) of Part 1 of Division 3 of Title
31 2 of the Government Code) shall not apply to the suspension of a
32 license pursuant to this section.

33 (f) This section shall apply to any licensee whose name appears
34 on a list of the 500 largest tax delinquencies pursuant to Section
35 7063 on or after January 1, 2012.

36 ~~SEC. 8.~~

37 *SEC. 7.* Section 6835 is added to the Revenue and Taxation
38 Code, to read:

39 6835. (a) The board may enter into an agreement with the
40 Internal Revenue Service or any other state imposing a sales and

1 use tax, or a similar tax, for the purpose of collecting delinquent
2 tax debts with respect to amounts assessed or imposed under this
3 part, provided the agreements do not cause the net displacement
4 of civil service employees. The agreement may provide, at the
5 discretion of the board, the rate of payment and the manner in
6 which compensation for services shall be paid.

7 (b) At the discretion of the board, the Internal Revenue Service
8 or the other state collecting the tax debt pursuant to subdivision
9 (a) may, as part of the collection process, refer the tax debt for
10 litigation by its legal representatives in the name of the board.

11 (c) For purposes of this section, “displacement” includes layoff,
12 demotion, involuntary transfer to a new class, involuntary transfer
13 to a new location requiring a change of residence, and time base
14 reductions. “Displacement” does not include changes in shifts or
15 days off, nor does it include reassignment to any other position
16 within the same class and general location.

17 ~~SEC. 9.~~

18 *SEC. 8.* Article 9 (commencing with Section 6850) is added
19 to Chapter 6 of Part 1 of Division 2 of the Revenue and Taxation
20 Code, to read:

21
22 Article 9. Collection of Tax Debts Due to the Internal Revenue
23 Services or Other States
24

25 6850. (a) The board may enter into an agreement to collect
26 any delinquent tax debt due to the Internal Revenue Service or any
27 other state imposing a sales and use tax, or similar tax, if, pursuant
28 to Section 6851, the Internal Revenue Service or such a state has
29 entered into an agreement to collect delinquent tax debts due to
30 the board.

31 (b) Upon written notice to the debtor from the board, any amount
32 referred to the board under subdivision (a) shall be treated as final
33 and due and payable to the State of California, and shall be
34 collected from the debtor by the board in any manner authorized
35 under the law for collection of a delinquent sales and use tax
36 liability, including, but not limited to, the recording of a notice of
37 state tax lien under Article 2 (commencing with Section 7170) of
38 Chapter 14 of Division 7 of Title 1 of the Government Code, and
39 the issuance of an order and levy under Article 4 (commencing
40 with Section 706.070) of Chapter 5 of Division 2 of Title 9 of Part

1 2 of the Code of Civil Procedure in the manner provided for
2 earnings withholding orders for taxes.

3 (c) This part shall apply to amounts referred under this section
4 in the same manner and with the same force and effect and to the
5 full extent as if the language of those laws had been incorporated
6 in full into this section, except to the extent that any provision is
7 either inconsistent with this section or is not relevant to this section.

8 (d) The activities required to implement and administer this
9 section shall not interfere with the primary mission of the board
10 to administer this part.

11 (e) In no event shall a collection under this section be construed
12 as a payment of sales and use taxes imposed under this part, or in
13 accordance with Part 1.5 or Part 1.6.

14 ~~SEC. 10.~~

15 *SEC. 9.* Section 7057 is added to the Revenue and Taxation
16 Code, to read:

17 7057. (a) The board may disclose to state governmental
18 licensing entities information regarding suspension of a license
19 pursuant to Section 6834 of this code or Section 494.5 or 7145.5
20 of the Business and Professions Code.

21 (b) Neither the state governmental licensing entity, nor any
22 officer, employee, or agent, or former officer, employee, or agent
23 of a state governmental licensing entity, may disclose or use any
24 information obtained from the board, pursuant to this section,
25 except to inform the public of the suspension of a license pursuant
26 to Section 6834 of this code or Section 494.5 or 7145.5 of the
27 Business and Professions Code.

28 (c) For purposes of this section, the definitions in Section 6834
29 shall apply.

30 *SEC. 10.* Section 7057.5 is added to the Revenue and Taxation
31 Code, to read:

32 7057.5. (a) The board may disclose to state agencies
33 identifying information of persons appearing on the list of the 500
34 largest tax delinquencies pursuant to Section 7063 for purposes
35 of administering Section 10295.4 of the Public Contract Code.

36 (b) A state agency, and any officer, employee, or agent, or
37 former officer, employee, or agent of a state agency, shall not
38 disclose or use any information obtained from the board, pursuant
39 to this section, except to administer Section 10295.4 of the Public
40 Contract Code.

1 SEC. 11. Section 7063 of the Revenue and Taxation Code is
2 amended to read:

3 7063. (a) Notwithstanding any other provision of law, the
4 board shall make available as a matter of public record each quarter
5 a list of the 500 largest tax delinquencies in excess of one hundred
6 thousand dollars (\$100,000) under this part. For purposes of
7 compiling the list, a tax delinquency means an amount owed to
8 the board which is all of the following:

9 (1) Based on a determination made under Article 2 (commencing
10 with Section 6481) or Article 3 (commencing with Section 6511)
11 of Chapter 5 deemed final pursuant to Article 5 (commencing with
12 Section 6561) of Chapter 5, or that is “due and payable” under
13 Article 4 (commencing with Section 6536) of Chapter 5, or
14 self-assessed by the taxpayer.

15 (2) Recorded as a notice of state tax lien pursuant to Chapter
16 14 (commencing with Section 7150) of Division 7 of Title 1 of
17 the Government Code, in any county recorder’s office in this state.

18 (3) For an amount of tax delinquent for more than 90 days.

19 (b) For purposes of the list, a tax delinquency does not include
20 any of the following and may not be included on the list:

21 (1) A delinquency that is under litigation in a court of law.

22 (2) A delinquency for which payment arrangements have been
23 agreed to by both the taxpayer and the board and the taxpayer is
24 in compliance with the arrangement.

25 (3) A delinquency for which the taxpayer has filed for
26 bankruptcy protection pursuant to Title 11 of the United States
27 Code.

28 (c) Each quarterly list shall, with respect to each delinquency,
29 include all the following:

30 (1) The name of the person or persons liable for payment of the
31 tax and that person’s or persons’ last known address.

32 (2) The amount of tax delinquency as shown on the notice or
33 notices of state tax lien and any applicable interest or penalties,
34 less any amounts paid.

35 (3) The earliest date that a notice of state tax lien was filed.

36 (4) The type of tax that is delinquent.

37 (d) Prior to making a tax delinquency a matter of public record
38 as required by this section, the board shall provide a preliminary
39 written notice to the person or persons liable for the tax by certified
40 mail, return receipt requested. If within 30 days after issuance of

1 the notice, the person or persons do not remit the amount due or
2 make arrangements with the board for payment of the amount due,
3 the tax delinquency shall be included on the list.

4 (e) The quarterly list described in subdivision (a) shall include
5 the following:

6 (1) The telephone number and address of the board office to
7 contact if a person believes placement of his or her name on the
8 list is in error.

9 (2) The aggregate number of persons that have appeared on the
10 list who have satisfied their delinquencies in their entirety and the
11 dollar amounts, in the aggregate, that have been paid attributable
12 to those delinquencies.

13 (f) As promptly as feasible, but no later than 5 business days
14 from the occurrence of any of the following, the board shall remove
15 that taxpayer's name from the list of tax delinquencies:

16 (1) Tax delinquencies for which the person liable for the tax
17 has contacted the board and resolution of the delinquency has been
18 arranged.

19 (2) Tax delinquencies for which the board has verified that an
20 active bankruptcy proceeding has been initiated.

21 (3) Tax delinquencies for which the board has verified that a
22 bankruptcy proceeding has been completed and there are no assets
23 available with which to pay the delinquent amount or amounts.

24 (4) Tax delinquencies that the board has determined to be
25 uncollectible.

26 (g) A person whose delinquency appears on the quarterly list,
27 and who satisfies that delinquency in whole or in part, may request
28 the board to include in its quarterly list any payments that person
29 made to satisfy the delinquency. Upon receipt of that request, the
30 board shall include those payments on the list as promptly as
31 feasible.

32 (h) Notwithstanding subdivision (a), a person whose delinquency
33 appeared on the quarterly list and whose name has been removed
34 pursuant to paragraph (1) of subdivision (f) shall comply with the
35 terms of the arranged resolution. If a person fails to do so, the
36 board shall add that person's name to the list of delinquencies
37 without providing the prior written notice required by subdivision
38 (d).

39 SEC. 12. Section 19195 of the Revenue and Taxation Code is
40 amended to read:

1 19195. (a) Notwithstanding any other provision of law,
2 including Section 6254.21 of the Government Code, the Franchise
3 Tax Board shall make available as a matter of public record at
4 least twice each calendar year a list of the 500 largest tax
5 delinquencies in excess of one hundred thousand dollars (\$100,000)
6 under Part 10 and Part 11 of this division. For purposes of
7 compiling the list, a tax delinquency means the total amount owed
8 by a taxpayer to the State of California for which a notice of state
9 tax lien has been recorded in any county recorder's office in this
10 state, pursuant to Chapter 14 (commencing with Section 7150) of
11 Division 7 of Title 1 of the Government Code.

12 (b) For purposes of the list, a tax delinquency does not include
13 any of the following and may not be included on the list:

14 (1) A delinquency for which payment arrangements have been
15 agreed to by both the taxpayer and the Franchise Tax Board and
16 the taxpayer is in compliance with the arrangement.

17 (2) A delinquency for which the taxpayer has filed for
18 bankruptcy protection pursuant to Title 11 of the United States
19 Code.

20 (3) A delinquency for which the person or persons liable for the
21 tax have contacted the Franchise Tax Board and for which
22 resolution of the tax delinquency has been accepted by the
23 Franchise Tax Board.

24 (c) Each list shall, with respect to each delinquency, include all
25 the following:

26 (1) The name of the person or persons liable for payment of the
27 tax and that person's or persons' address.

28 (2) The amount of tax delinquency as shown on the notice or
29 notices of state tax lien and any applicable interest or penalties,
30 less any amounts paid.

31 (3) The earliest date that a notice of state tax lien was filed.

32 (4) The type of tax that is delinquent.

33 (5) The type, status, and license number of any occupational or
34 professional license held by the person or persons liable for
35 payment of the tax.

36 (6) The names and titles of the principal officers of the person
37 liable for payment of the tax if that person is a limited liability
38 company or corporation. *The Franchise Tax Board shall refer to*
39 *the limited liability company's or the corporation's Statement of*
40 *Information filed with the Secretary of State or to the limited*

1 *liability company's or the corporation's tax return filed pursuant*
2 *to this part to determine the principal officers of the limited liability*
3 *company or corporation. Principal officers appearing on a list*
4 *solely pursuant to this paragraph shall not be subject to Section*
5 *19265, Section 494.5 of the Business and Professions Code, or*
6 *Section 10295.4 of the Public Contract Code.*

7 (d) Prior to making a tax delinquency a matter of public record
8 as required by this section, the Franchise Tax Board shall provide
9 a preliminary written notice to the person or persons liable for the
10 tax by certified mail, return receipt requested. If within 30 days
11 after issuance of the notice, the person or persons do not remit the
12 amount due or make arrangements with the Franchise Tax Board
13 for payment of the amount due, the tax delinquency shall be
14 included on the list.

15 (e) The list described in subdivision (a) shall include the
16 following:

17 (1) The telephone number and address of the Franchise Tax
18 Board office to contact if a person believes placement of his or
19 her name on the list is in error.

20 (2) The aggregate number of persons that have appeared on the
21 list who have satisfied their delinquencies in their entirety and the
22 dollar amounts, in the aggregate, that have been paid attributable
23 to those delinquencies.

24 (f) As promptly as feasible, but no later than five business days
25 from the occurrence of any of the following, the Franchise Tax
26 Board shall remove that taxpayer's name from the list of tax
27 delinquencies:

28 (1) Tax delinquencies for which the person liable for the tax
29 has contacted the Franchise Tax Board and resolution of the
30 delinquency has been arranged.

31 (2) Tax delinquencies for which the Franchise Tax Board has
32 verified that an active bankruptcy proceeding has been initiated.

33 (3) Tax delinquencies for which the Franchise Tax Board has
34 verified that a bankruptcy proceeding has been completed and
35 there are no assets available with which to pay the delinquent
36 amount or amounts.

37 (4) Tax delinquencies that the Franchise Tax Board has
38 determined to be uncollectible.

39 (g) A person whose delinquency appears on the list, and who
40 satisfies that delinquency in whole or in part, may request the

1 Franchise Tax Board to include in its list any payments that person
2 made to satisfy the delinquency. Upon receipt of that request, the
3 Franchise Tax Board shall include those payments on the list as
4 promptly as feasible.

5 (h) Notwithstanding subdivision (a), a person whose delinquency
6 appeared on the list and whose name has been removed pursuant
7 to paragraph (1) of subdivision (f) shall comply with the terms of
8 the arranged resolution. If the person fails to do so, the Franchise
9 Tax Board may add that person's name to the list of delinquencies
10 without providing the prior written notice otherwise required by
11 subdivision (d).

12 SEC. 13. Section 19265 is added to the Revenue and Taxation
13 Code, to read:

14 19265. (a) (1) All state governmental licensing entities issuing
15 professional or occupational licenses, certificates, registrations, or
16 permits shall provide to the Franchise Tax Board the name and
17 social security number or federal taxpayer identification number,
18 as applicable, of each licensee of that state governmental licensing
19 entity.

20 (2) If any licensee appears on a list of the 500 largest tax
21 delinquencies pursuant to Section 19195, and the license of that
22 licensee has not been suspended, revoked, or denied by the
23 applicable state governmental licensing entity pursuant to Section
24 494.5 of the Business and Professions Code, then the Franchise
25 Tax Board shall mail a preliminary notice of suspension to the
26 licensee indicating that the license will be suspended by a date
27 certain, which shall be at least 60 days after the mailing of the
28 preliminary notice, unless prior to the date certain the licensee
29 pays the unpaid taxes or enters into an installment payment
30 agreement, as described in Section 19008, to satisfy the unpaid
31 taxes. The preliminary notice shall also advise the licensee of the
32 opportunity to request deferral or cancellation of a suspension
33 pursuant to subdivision (b).

34 (3) If any licensee subject to paragraph (2) fails to pay the unpaid
35 taxes or to enter into an installment payment agreement, as
36 described in Section 19008, to satisfy the unpaid taxes prior to the
37 date certain listed in the preliminary notice of suspension, his or
38 her license shall be automatically suspended by operation of this
39 section, except as provided in subdivision (b), and the Franchise
40 Tax Board shall provide a notice of suspension to the applicable

1 state governmental licensing entity and shall mail a notice of
2 suspension to the licensee. *The state governmental licensing entity*
3 *shall update its records to reflect the suspension upon receipt of*
4 *the notice of suspension from the Franchise Tax Board.* The rights,
5 powers, and privileges of any licensee whose license to drive a
6 motor vehicle, professional or occupational license, certificate,
7 registration, or permit has been suspended pursuant to this section
8 shall be subject to the same prohibitions, limitations, and
9 restrictions as if the license to drive a motor vehicle, professional
10 or occupational license, certificate, registration, or permit were
11 suspended by the state governmental licensing entity that issued
12 the professional or occupational license, certificate, registration,
13 or permit.

14 (4) (A) Upon compliance by the licensee with the tax obligation,
15 either by payment of the unpaid taxes or entry into an installment
16 payment agreement, as described in Section 19008, to satisfy the
17 unpaid taxes, a suspension pursuant to this subdivision shall be
18 canceled. The Franchise Tax Board shall, within 10 business days
19 of compliance by the licensee with the tax obligation, notify both
20 the state governmental licensing entity and the licensee that the
21 unpaid taxes have been paid or that an installment payment
22 agreement, as described in Section 19008, has been entered into
23 to satisfy the unpaid taxes and that the suspension has been
24 canceled.

25 (B) Whenever a suspension is canceled under this paragraph
26 and the applicable license or licenses have been suspended in error,
27 the Franchise Tax Board shall notify the state governmental
28 licensing entity to reinstate all applicable licenses back to the date
29 of suspension and expunge any notation of that suspension from
30 the licensee's record.

31 (5) If a license is not suspended, or if the suspension of a license
32 is canceled, based on the licensee entering into an installment
33 payment agreement as described in Section 19008, and the licensee
34 fails to comply with the terms of the installment payment
35 agreement, that license shall be suspended as of the date that is 30
36 days after the date of termination of that installment payment
37 agreement. If a license is suspended pursuant to this paragraph,
38 the Franchise Tax Board shall provide notice of suspension to the
39 applicable state governmental licensing entity and mail a notice
40 of suspension to the licensee. *The state governmental licensing*

1 *entity shall update its records to reflect the suspension upon receipt*
2 *of the notice of suspension from the Franchise Tax Board.*

3 (6) State governmental licensing entities shall provide to the
4 Franchise Tax Board the information required by this subdivision
5 at a time that the Franchise Tax Board may require.

6 (b) (1) The Franchise Tax Board may defer or cancel any
7 suspension authorized by this section if a licensee is unable to pay
8 the liability due to a current financial hardship. The Franchise Tax
9 Board shall, if requested by the licensee in writing, provide for an
10 administrative hearing to determine if the licensee is unable to pay
11 the liability due to a current financial hardship.

12 (2) The request for a hearing specified in paragraph (1) shall be
13 made in writing within 30 days from the mailing date of the
14 preliminary notice described in subdivision (a).

15 (3) The Franchise Tax Board shall conduct a hearing within 30
16 days after receipt of a request pursuant to paragraph (1), unless
17 the board postpones the hearing, upon a showing of good cause
18 by the licensee, in which case a suspension pursuant to subdivision
19 (a) shall be deferred until the hearing has been completed.

20 (4) A licensee seeking relief under this subdivision shall only
21 be entitled to relief described in paragraph (1) if the licensee
22 provides the Franchise Tax Board with financial documents that
23 substantiate a financial hardship, and agrees to an acceptable
24 payment arrangement.

25 (5) If the deferral of a suspension of a license under this
26 subdivision is no longer operative, that license shall be suspended
27 as of the date that is 30 days after the date the deferral is no longer
28 operative. If a license is suspended pursuant to this paragraph, the
29 Franchise Tax Board shall provide notice of suspension to the
30 applicable state governmental licensing entity and mail a notice
31 of suspension to the licensee.

32 (c) For purposes of this section and Section 19571, the following
33 definitions shall apply:

34 (1) "Financial hardship" means financial hardship within the
35 meaning of Section 19008, as determined by the Franchise Tax
36 Board, where the licensee is financially unable to pay any part of
37 the amount described in subdivision (a) and the licensee is unable
38 to qualify for an installment payment arrangement as provided for
39 by Section 19008. In order to establish the existence of a financial
40 hardship, the licensee shall submit any information, including

1 information related to reasonable business and personal expenses,
2 requested by the Franchise Tax Board for the purpose of making
3 that determination.

4 (2) “License” includes a certificate, registration, or any other
5 authorization to engage in a profession or occupation issued by a
6 state governmental licensing entity. “License” includes a driver’s
7 license issued pursuant to Chapter 1 (commencing with Section
8 12500) of Division 6 of the Vehicle Code.

9 (3) “Licensee” means an individual authorized by a license to
10 drive a motor vehicle or authorized by a license, certificate,
11 registration, or other authorization to engage in a profession or
12 occupation issued by a state governmental licensing entity.

13 (4) “State governmental licensing entity” means any entity listed
14 in Section 101, 1000, or 19420 of the Business and Professions
15 Code, the office of the Attorney General, the Department of
16 Insurance, the Department of Motor Vehicles, the Department of
17 Real Estate, and any other state agency, board, or commission that
18 issues a license, certificate, or registration authorizing an individual
19 to engage in a profession or occupation, including any certificate,
20 business or occupational license, or permit or license issued by
21 the Department of Motor Vehicles or the Department of the
22 California Highway Patrol. “State governmental licensing entity”
23 shall not include *the Contractors’ State License Board*, the
24 Department of Alcoholic Beverage Control, or the State Bar of
25 California.

26 (d) Notwithstanding any other law, a state governmental
27 licensing entity may, with the approval of the appropriate
28 department director or governing body, impose a fee on licensees
29 whose license has been suspended as described in subdivision (a).
30 The fee shall not exceed the amount necessary for the state
31 governmental licensing entity to cover its costs in carrying out the
32 provisions of this section. Fees imposed pursuant to this section
33 shall be deposited in the fund in which other fees imposed by the
34 state governmental licensing entity are deposited and shall be
35 available to that entity upon appropriation in the annual Budget
36 Act.

37 (e) The process described in subdivision (b) shall constitute the
38 sole administrative remedy for contesting the suspension of a
39 license under this section. The procedures in the administrative
40 adjudication provisions of the Administrative Procedure Act

(Chapter 4.5 (commencing with Section 11400) and Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code) shall not apply to the suspension of a license pursuant to this section.

(f) This section shall apply to any licensee whose name appears on a list of the 500 largest tax delinquencies pursuant to Section 19195 on or after January 1, 2012.

SEC. 14. Article 7 (commencing with Section 19291) is added to Chapter 5 of Part 10.2 of Division 2 of the Revenue and Taxation Code, to read:

Article 7. Collection of Tax Debts Due to the Internal Revenue Service or Other States

19291. (a) The Franchise Tax Board may enter into an agreement to collect any delinquent tax debt due to the Internal Revenue Service or any other state imposing an income tax or tax measured by income if, pursuant to Section 19377.5, the Internal Revenue Service or that state has entered into an agreement to collect delinquent tax debts due the Franchise Tax Board.

(b) Upon written notice to the debtor from the Franchise Tax Board, any amount referred to the Franchise Tax Board under subdivision (a) shall be treated as final and due and payable to the State of California, and shall be collected from the debtor by the Franchise Tax Board in any manner authorized under the law for collection of a delinquent income tax liability, including, but not limited to, the recording of a notice of state tax lien under Article 2 (commencing with Section 7170) of Chapter 14 of Division 7 of Title 1 of the Government Code, and the issuance of an order and levy under Article 4 (commencing with Section 706.070) of Chapter 5 of Division 2 of Title 9 of Part 2 of the Code of Civil Procedure in the manner provided for earnings withholding orders for taxes.

(c) Part 10 (commencing with Section 17001), this part, Part 10.7 (commencing with Section 21001), and Part 11 (commencing with Section 23001) shall apply to amounts referred under this section in the same manner and with the same force and effect and to the full extent as if the language of those laws had been incorporated in full into this section, except to the extent that any

1 provision is either inconsistent with this section or is not relevant
2 to this section.

3 (d) The activities required to implement and administer this
4 section shall not interfere with the primary mission of the Franchise
5 Tax Board to administer Part 10 (commencing with Section 17001)
6 and Part 11 (commencing with Section 23001).

7 (e) In no event shall a collection under this section be construed
8 as a payment of income taxes imposed under Part 10 (commencing
9 with Section 17001) or Part 11 (commencing with Section 23001).

10 SEC. 15. Section 19377.5 is added to the Revenue and Taxation
11 Code, to read:

12 19377.5. (a) The Franchise Tax Board may enter into an
13 agreement with the Internal Revenue Service or any other state
14 imposing an income tax or tax measured by income for the purpose
15 of collecting delinquent tax debts with respect to amounts assessed
16 or imposed under Part 10 (commencing with Section 17001), this
17 part, or Part 11 (commencing with Section 23001), provided the
18 agreements do not cause the net displacement of civil service
19 employees. The agreement may provide, at the discretion of the
20 Franchise Tax Board, the rate of payment and the manner in which
21 compensation for services shall be paid.

22 (b) At the discretion of the Franchise Tax Board, the Internal
23 Revenue Service or the other state collecting the tax debt pursuant
24 to subdivision (a) may, as part of the collection process, refer the
25 tax debt for litigation by its legal representatives in the name of
26 the Franchise Tax Board.

27 (c) For purposes of this section, “displacement” includes layoff,
28 demotion, involuntary transfer to a new class, involuntary transfer
29 to a new location requiring a change of residence, and time base
30 reductions. “Displacement” does not include changes in shifts or
31 days off, nor does it include reassignment to any other position
32 within the same class and general location.

33 SEC. 16. Section 19533 of the Revenue and Taxation Code is
34 amended to read:

35 19533. In the event the debtor has more than one debt being
36 collected by the Franchise Tax Board and the amount collected by
37 the Franchise Tax Board is insufficient to satisfy the total amount
38 owing, the amount collected shall be applied in the following
39 priority:

1 (a) Payment of any delinquencies transferred for collection
2 under Article 5 (commencing with Section 19270) of Chapter 5.

3 (b) Payment of any taxes, additions to tax, penalties, interest,
4 fees, or other amounts due and payable under Part 7.5 (commencing
5 with Section 13201), Part 10 (commencing with Section 17001),
6 Part 11 (commencing with Section 23001), or this part, and
7 amounts authorized to be collected under Section 19722.

8 (c) Payment of delinquent wages collected pursuant to the Labor
9 Code.

10 (d) Payment of delinquencies collected under Section 10878.

11 (e) Payment of any amounts due that are referred for collection
12 under Article 5.5 (commencing with Section 19280) of Chapter
13 5.

14 (f) Payment of any amounts that are referred for collection
15 pursuant to Section 62.9 of the Labor Code.

16 (g) Payment of delinquent penalties collected for the Department
17 of Industrial Relations pursuant to the Labor Code.

18 (h) Payment of delinquent fees collected for the Department of
19 Industrial Relations pursuant to the Labor Code.

20 (i) Payment of delinquencies referred by the Student Aid
21 Commission.

22 (j) *Payment of any delinquencies referred for collection under*
23 *Article 7 (commencing with Section 19291) of Chapter 5.*

24 (j)

25 (k) Notwithstanding the payment priority established by this
26 section, voluntary payments designated by the taxpayer as payment
27 for a personal income tax liability or as a payment on amounts
28 authorized to be collected under Section 19722, shall not be applied
29 pursuant to this priority, but shall instead be applied as designated.

30 ~~SEC. 16.~~

31 *SEC. 17.* Section 19571 is added to the Revenue and Taxation
32 Code, to read:

33 19571. (a) The Franchise Tax Board may disclose to state
34 governmental licensing entities information regarding suspension
35 of a license pursuant to Section 19265 of this code or Sections
36 494.5 or 7145.5 of the Business and Professions Code.

37 (b) Neither the state governmental licensing entity, nor any
38 officer, employee, or agent, or former officer, employee, or agent
39 of a state governmental licensing entity, may disclose or use any
40 information obtained from the Franchise Tax Board, pursuant to

1 this section, except to inform the public of the suspension of a
2 license pursuant to Section 19265 of this code or Sections 494.5
3 or 7145.5 of the Business and Professions Code.

4 (c) For purposes of this section, the definitions in Section 19265
5 shall apply.

6 ~~SEC. 17. Section 4.5 of this bill incorporates amendments to~~
7 ~~Section 7145.5 of the Business and Professions Code proposed by~~
8 ~~both this bill and A.B. 1307. It shall only become operative if (1)~~
9 ~~both bills are enacted and become effective on or before January~~
10 ~~1, 2012, (2) each bill amends Section 7145.5 of the Business and~~
11 ~~Professions Code, and (3) this bill is enacted after A.B. 1307, in~~
12 ~~which case Section 4 of this bill shall not become operative.~~

13 *SEC. 18. Section 19572 is added to the Revenue and Taxation*
14 *Code, to read:*

15 *19572. (a) The Franchise Tax Board may disclose to state*
16 *agencies identifying information of persons appearing on the list*
17 *of the 500 largest tax delinquencies pursuant to Section 19195 for*
18 *purposes of administering Section 10295.4 of the Public Contract*
19 *Code.*

20 *(b) A state agency, and any officer, employee, or agent, or*
21 *former officer, employee, or agent of a state agency, shall not*
22 *disclose or use any information obtained from the Franchise Tax*
23 *Board, pursuant to this section, except to administer Section*
24 *10295.4 of Public Contract Code.*

25 ~~SEC. 18.~~

26 *SEC. 19. No reimbursement is required by this act pursuant to*
27 *Section 6 of Article XIII B of the California Constitution because*
28 *a local agency or school district has the authority to levy service*
29 *charges, fees, or assessments sufficient to pay for the program or*
30 *level of service mandated by this act or because costs that may be*
31 *incurred by a local agency or school district will be incurred*
32 *because this act creates a new crime or infraction, eliminates a*
33 *crime or infraction, or changes the penalty for a crime or infraction,*
34 *within the meaning of Section 17556 of the Government Code, or*
35 *changes the definition of a crime within the meaning of Section 6*
36 *of Article XIII B of the California Constitution.*